
SESSION A2

“State of the World 2024 and Prognosis for 2025”

Citizen Diplomacy Hall – Conference on Indonesian Foreign Policy 2024

Speakers:

1. **H.R.H Prince Turki Al Faisal Al Saud**, Chairman of the King Faisal Center for Research and Islamic Studies
2. **Ambassador Robert O. Blake**, Former U.S. Ambassador to Indonesia; Senior Managing Director at McLarty Associates
3. **Kishore Mahbubani**, The Founding Dean of the Lee Kuan Yew School of Public Policy; Distinguished Fellow of Asia Research Institute at National University of Singapore
4. **Professor Amitav Acharya**, Distinguished Professor of International Relations at the School of International Service, American University

Moderator:

Dr. Saskia Hieber, Lecture Programme of the German Federal Government

Dr. Saskia Hieber

Ladies and gentlemen, the year 2024 has been marked by significant political and geopolitical shifts with elections in many countries, testing the resilience of democratic systems. The results of these elections, especially in the United States and other countries with important roles in global politics, will shape geopolitics heading into 2025. The ongoing rivalry between the United States and China continues to dominate the geopolitical landscape. At the same time, regional tensions in the Middle East, Europe, and South China Sea increase global instability. The escalating crisis in the Middle East is becoming a critical hotspot.

And as the world looks towards 2025, these dynamics underscore the urgent need for reform in global governance structures as the absence of effective multilateral mechanisms leaves the international community almost paralyzed. This session will explore the key developments of 2024 and provide prognosis for 2025, focusing on global power shifts, regional conflict, and the future of international cooperation. For this panel, we are partnering with Jenderal Ahmadani University. And again, please welcome our high level panelists here. I may again introduce His Royal Highness, Prince Turki AlFaisal AlSaud, the Chairman of the King Faisal Center for Research and Islamic Studies; Ambassador Robert Blake, the Former U.S. ambassador to Indonesia and Senior Managing Director at McLarty Associates; Professor Kishore Mahbubani, the Founding Dean of the Lee Kuan Yew School of Public Policy and Distinguished Fellow of Asia Research Institute at National University of Singapore. He's the author of many books, and one has been enlightening the world “Can Asians Think?”; and Professor Amitav Acharya, Distinguished Professor of International Relations at the School of International Service, American University. For the opening, general assessment session.

A general question to all of you, how do you assess the state of the world in 2024? What are the issues? What are the challenges and threats? Your Royal Highness, please.

H.R.H. Prince Turki AlFaisal

Bismillahirrahmanirahim, Assalamualaikum. First of all, I'd like to extend my thanks and gratitude to his excellency Dr. Dino Patti Djalal for inviting me to this wonderful congregation and this wonderful conference. My thanks also go to his staff and their efforts in organizing this event and for facilitating my presence here. I also take this opportunity to congratulate President Prabowo Subianto for assuming the office of the presidency of Indonesia and wish him and his new administration all the success to lead this great country to a prosperous future. In the few minutes that are allowed me, let me state the following issues. The first is that our world in 2024 is not pleasing at all, and I wish that I can predict what is ahead of 2025. However, I am always hopeful.

Second, our world is facing multiple crises, wars, broken international institutions, and neglect of international principles, rules, and norms. It is imperative that we go forward to a better world by, first of all, reforming our international institutions, like the United Nations Security Council. How can it be that in that organization, many billions of people are not represented in that organization? In India, in Southeast Asia, in Latin America, in the Arab world, everywhere, there is no representation on the Security Council, and I think it needs to be reformed to include all these peoples who have a right to be at that wonderful institution.

The other thing I would like to add is that we really don't need World War III in order to have a new international order. Therefore, middle powers and emerging powers in the South can play a very important role in bringing balance to our broken international order. So events like the Ukraine war and the Middle East war should be handled more adroitly than is being done at the United Nations Security Council. I have stuck to my three minutes.

Dr. Saskia Hieber

Thank you very much. There's quite a lot on the table, Ambassador Blake. Kindly, what are your assessments of the state of the world in 2024?

Amb. Robert O. Blake Jr.

Well, since I'm the only American here today that's on the stage, let me first of all congratulate Pak Dino on the 10th anniversary. I was present in the beginning 10 years ago, and sometimes we were lucky to get fifty people into the room. I can tell you now, it's amazing to see almost 10,000 people showing up. So congratulations. It's always hazardous to make predictions about Donald Trump, but let me try to just, hazard a few predictions about, kind of his vision of the world and some of the important flash points that we should look towards, in 2025.

I think that the president is really gonna be focused on a couple of things. First, on trying to resolve some of these conflicts in Ukraine and the Middle East, so that he could focus on what he sees as the greatest threat to the United States, which is China. So let me just talk very, very briefly about each one of those. I think in Ukraine, you're gonna see, as he's already said, he wants to try to bring an early solution, a negotiated solution to the situation in Ukraine. Most likely, it'll be along whatever the current front is at the time of those negotiations.

Amb. Robert O. Blake Jr.

And that's why you see the Russians really trying to gain more and more advantage now, before those negotiations start. I think a real key will be what kind of security guarantees the Ukrainians will be able to get from the west short of a NATO membership. So those are the things I'll be watching there. In the Middle East, again, I think that president Trump is going to try to bring a halt to the fighting in Gaza. You've already seen the ceasefire that has been arranged between Lebanon and Israel.

It's still fragile, but it is important and something to build on. I think Trump is gonna be very mindful of Netanyahu. And likewise, Netanyahu, I think, will be more accommodating of Trump's interest than he was of president Biden's interest. That said, I think what's gonna happen is, let's say on the West Bank, there's a lot of people in the United States who are worried that Netanyahu may actually try to annex the West Bank. I don't think that's gonna happen for several reasons, but I do think he'll probably allow a continued expansion of settlements in the occupied territories, which is something that most of us have opposed most of our lives.

But, I do think Trump is gonna be very mindful of his relations with Saudi Arabia and with the UAE. And so he's not gonna go too far because his real goal is to expand the Abraham Accords that were quite a success in his first term. And the prize, of course, would be relations between Saudi Arabia and Israel. So that will be an important, I think, constraining factor on what he wants to do. On Iran, of course, another major flashpoint. I don't think I am likely to pursue military action against the Iranians, and I do believe that there is an opportunity for negotiations between the United States and perhaps other parties as well.

They'll have to include the important Gulf states. So I'm hopeful that there will be some progress there. None of us wanna see, of course, Iran develop nuclear weapons. China, we'll come back to in the conversation later, so I don't wanna go too much into that, but that is obviously gonna be his major focus for the administration not just 2025, but throughout the administration. And let me just end with one important note, which is, climate.

I don't think everybody needs to worry as much about America's position on climate because we have twenty four democratic governors, including the states of California and places like that, who will continue to drive our climate policy, whatever the Trump administration does. What will matter is climate finance where clearly the United States is not gonna be doing very much on climate finance.

And what will also matter is just the absence of any kind of American climate diplomacy. John Kerry really did drive a lot of progress while he was climate envoy, and, of course, there will not be a climate envoy under president Trump. So those are my opening remarks. A very uncertain period ahead. Trump will try to drive the agenda, but there will be very important guardrails on what he can do. So I don't think we need to be worried about all the extreme things that he's saying, because a lot of what he's saying is really just for negotiation, and will be subject to negotiation. Thank you.

Dr. Saskia Hieber

Thank you. We'll be coming back to president Trump, and thank you technical support for switching off the sound. I think the clock is large enough. Professor Mahbubani, please.

Kishore Mahbubani

Thank you very much. First of all, let me join my colleagues here to congratulate Dino on this spectacular conference. We say the world has become a global village. The global village is here. Now as you could tell, there's a very vicious timekeeper here for three minutes. The way I think I can compliment what my good friends, His Royal Highness Prince Turki has said and what Bob has just said. The reason why our world looks very confusing is because there are lots of short term challenges we have to deal with, but at the same time, we're dealing with long term structural challenges to the world order and a whole new world is being born in front of our eyes. And I describe that new world as a new 3M world, and the 3M are multi-civilizational, multipolar, multilateral. It's multi-civilizational because many more civilizations are coming back after centuries of being quiet, dormant. And so to give you an example, we are very alarmed by the events in Gaza, but that's also because the world opinion has become so much stronger on such issues. It's becoming multipolar because lots more powers are playing a role on the world stage. And if you watch for example what Russia has done, clearly this is a result also of a multipolar world. And at the same time, it's a multilateral world because all the pressing global problems including the one of climate that Bob mentioned at the end can only be solved by global multilateral organizations and we have to work on that too. Thank you.

Dr. Saskia Hieber

Professor Amitav.

Prof. Amitav Acharya

I would go quickly. My first point is that Trump is a consequence, not a cause, of a lot of the changes we have seen today. He is a consequence of the decline of support for globalization in the United States itself. He exploited it. Doesn't mean he caused it. Similarly, he is the consequence of the relative decline of the west at the global level. So he's feeding into that populism, because Americans are worried about, just like Europeans, the western general, that relative position is declining.

Prof. Amitav Acharya

So he's exploring this, and Trump is not the only conservative leader in the European Union. You have seven seven governments in the European Union who have right wing parties, populist parties, but, yeah, in the government. So this is a global trend. Last year was the year of elections. There were about 74 countries, from January first to December thirty first. 74 countries went through elections, 68 finished. These elections show that the outcome is mixed. There is no end of history. The world is going to have democracies, authoritarian countries, communitarian countries, and populist countries.

So let's say the world changes its Trump proof. This situation, as Kishore said, is going to continue. But there will be some differences that Trump can make. And one of them is, I think in the Middle East, he might revive or strengthen the Abraham Accords, which I think in the long term is good for peace. But for that, he has to solve the short term problems of Gaza and Lebanon. And, secondly, Trump will be in the Indo-Pacific, he will embrace the Indo-Pacific. He actually was the first one who completely embraced the Indo-Pacific, increased the freedom of navigation operations, and that will be there. He will commit himself. But on the economic side, I'm not so sure because of the threat of sanctions and economic nationalism. But the Indo-Pacific policy will not see too many changes.

And finally, the future, Kishore, of course, I have just finished writing a book, five thousand years of history of the world, and Trump is just like 8 years of that. So I think, look at the long term of history. I completely agree that the world is becoming multi-civilizational, multipolar, but I also would argue that actors in the world are no longer great powers, but now also middle powers. We heard Pak Dino talk about middle power.

How many middle powers are playing an important role like Indonesia? In a multipolar world, countries like Indonesia have no role. It's only great powers. But, the proliferation of middle powers, non-state actors, corporations are going to create what I call a global multiplex. I don't believe the term or multipolar is adequate because it's mainly about military or economic power, and it doesn't talk about other actors. But a global multiplex that talks in takes into account a lot of other actors and and still going to be a lot of interdependence and civilizations and ideas. That's what, Trump presidency is going to point to, no matter what his own policy may be.

Dr. Saskia Hieber

Thank you very much. The need to reform and world order had been mentioned. Your Royal Highness and Professor Amitav, again, how do you envision the future world order? In particular, what role will emerging powers and blocks and other minilateralisms play in reshaping the global order? Your Royal Highness.

H.R.H. Prince Turki AlFaisal

Okay. Thank you. First of all, let me just say before I answer that question, I fully endorse what Dino said in his presentation, not just on what is happening in your part of the world here, but also in other parts of the world. I equally endorse what the foreign minister said on the role of Indonesia and how it can bring countries together and represent the policy of the president of Indonesia. As far as Saudi Arabia is concerned, of course, there was a suggestion to the reform of the United Nations that was presented by our late foreign minister, Saud AlFaisal, many years ago when the issue of reform of the United Nations Security Council was put before the United Nations.

And that is when a United Nations Security Council resolution is passed, any subsequent resolution that has to do with implementing that resolution cannot be vetoed by the veto powers. So I'll give you an example. Resolution 242 on after the war between Israel and the Arab states in 1967 clearly defined that acquisition of territory by force of arms cannot be accepted. In order to implement that proposition, many resolutions were introduced at the United Nations Security Council, but unfortunately, they were vetoed. And so preventing implementation of Security Council resolutions should be one way of, not allowing, the veto powers to contradict the passing of those resolutions.

The other thing is, as I mentioned, the billions of people across the globe, whether in Asia, you have India, Bangladesh, Pakistan, other countries, Indonesia, they're not represented on the Security Council. In Africa, all of the African states are not represented in the Security Council. Latin America is not represented. So all these countries, I think, should have an equal representation on the United Nations Security Council in order to be fair and to truly represent a multipolar world instead of a unipolar or a bipolar world as has been in the past fifty years since the Second World War. Another thing I would respectfully add is that implementing these resolutions will definitely be the way to go forward, as we've seen the examples in the Middle East and now in the Ukraine.

The prevention of their implementation is what is keeping the wars going on and the killing of people continuing. Look at the number of people that were killed in Gaza and in Lebanon just recently. Over 50,000 people at the the most conservative, estimate of those people, let alone that are going to be found in the wreckage and in the destruction that has occurred since then. How can we accept that those numbers continue to be added to and not do anything about that? So we have to put a stop.

And another thing I think that will go a long way to prevent such extraordinarily vicious cycles is to prevent the double standard that has been implemented in our part of the world since the Second World War. We've seen that most clearly since the Ukraine war started, a couple of years ago, where the issue of humanitarian relief for Ukrainians was immediately advanced by particularly Western countries, and refugees were provided with sustenance and everything that they needed.

But when it comes to the issue of Palestine, those principles that they applied in Ukraine were never implemented in Palestine. So the double standard has to stop, and there has to be one standard for all people. Whether east or west, north or south, it doesn't matter. But that is something that Indonesia and Saudi Arabia and other countries that are concerned about stopping the killing is an important step forward that we can all engage in and hopefully accomplish before this year ends, which is in the next month or so.

Dr. Saskia Hieber

Thank you very much. Professor Amitav?

Amb. Robert O. Blake Jr.

Saskia, let me come back to your question about globalization and middle powers because I think it's important for the audience here. You know, there's been a lot of talk about the death of globalization, and it's true that both the United States and China have been using a combination of tariffs and export controls and subsidies and all kinds of things to gain technological advantage and control things like critical minerals. But it's also important to note that global trade has not declined as much as you might think. And the reason for that is that multinational corporations and countries more broadly are adapting. And that multinationals and countries are shifting their supply chains, for example, and companies are adapting.

And so it doesn't have as much of an impact as you might think. And if a trade war does happen between the United States and China, which looks likely, it actually could be of some benefit to a country like Indonesia. Yes, it's not good for your largest investors and your largest markets to have a trade war. But on the other hand, as these supply chains shift, Indonesia could benefit from that. Obviously, Vietnam already is benefiting from it, but I think Indonesia as well could benefit from it. And more broadly, all of these middle powers like Indonesia, India, the UAE, and Saudi Arabia are gonna become more influential now as countries look to export more to those countries and to curry favor with those countries. So I actually think this is gonna be quite an interesting opportunity for the middle powers.

Dr. Saskia Hieber

We will address financial and economic aspects a bit further on. Professor Amitav, please, on blocks and other minilateralisms.

Prof. Amitav Acharya

Can I also address your question about the emerging powers, the role of the emerging powers or just multilateralism? I mean, I can actually bring all this together to say that, again, from a long term perspective, we see, what people sometimes call the rise of the rest or rise of the Global South. And this is not just about BRICS. It's not just about China, India, now, of course, Saudi Arabia. I think the Global South as a whole is rising.

Over 50%, now 56% of the world's GDP, and if you include China in the Global South, is actually not produced by the West, but it's produced by the rest. And, that more general right of the Global South is also going to change globalization. Globalization will not be driven by just North-South, but also South-South. One of the things that have happened in the last 30 years, thanks mainly to China, but also because of India and Brazil, is that South-South trade is now over one third of global trade. South-South investment is actually almost 50% of global investment. So globalization is no longer driven by the West. It's going to be driven by emerging powers and the rest. And another development is we shouldn't think the Global South is a disruptive force and non-aligned movement.

Actually, the Global South has always been a positive, constructive, bridge. Now a country like Saudi Arabia joining the BRICS doesn't mean it's going to protest against American dominance or Western dominance. It'll be a bridge, you know, connecting China with the United States, the Middle East with Europe. And I think most of the Global South is a bridge, not a divisive, disruptive force that people sometimes think like the Third World, The Global South seen in a very pejorative negative way. And if you bring that all together, I think multilateralism also will change.

You may think of multilateralism only because of the UN, but I think multilateralism is also in ASEAN, in the European Union, and in African Union, one of the most dynamic regional organizations in the world. So multilateralism will become decentralized and it will remain that global multilateralism is not gonna disappear, but it will always go up and down. Depends on who is the president, who is the prime minister, who is the secretary general. But regional organizations and plurilateral organizations, BRICS, G20, also jump in, and it will be a more inclusive, I believe, much more inclusive multilateralism than the end of multilateralism.

Dr. Saskia Hieber

Thank you very much. Let's concentrate on a special region, Professor Mahbubani. How do you view the current state of the Indo-Pacific amid major powers' competition and disputes such as the South China Sea and Taiwan status? Do you believe ASEAN through AOIP can play an effective role in fostering stability and cooperation in the region? Thank you.

Kishore Mahbubani

Let me begin by quoting an Arab proverb which says, he who speaks about the future lies even when he tells the truth. As you know, the future is always surprising us, but at the same time, there's only the very few things you can predict with great certainty over the next decade or two, and you can absolutely predict that the competition within the world's number one power, the United States of America, and the world's number one emerging power, China will intensify. Now there are very deep structural causes behind this contest. It's not just driven by personalities and for both countries is an existential struggle. For the United States, if China succeeds in becoming the number one economy, the United States which has been the number one for 130 years is gonna have a hard time adjusting to being number two.

Kishore Mahbubani

So it's existential, which is why you have a strong consensus in Washington DC that you gotta stop China. But at the same time, for China, it's also existential because China went through a century of humiliation from 1842 to 1949. And to have its dream of succeeding economically be thwarted by the United States, they can't accept it. So both sides are gonna make a massive effort in this contest. But I also want to add here that while the contest will get intense, there'll be moments when they will have to step back and compromise once in a while.

So if you take, for example, President Donald Trump, he believes one way he measures his success is how the stock markets react to what he does. So if he imposes more tariffs on China, if there's a big trade war and the stock markets come down, then president Donald Trump may say maybe wait. Maybe let me try to compromise. But for us in Southeast Asia, it's important for us to understand that what is protecting Southeast Asia today is the fact that we have a strong, vibrant ASEAN to protect us. And what many in Southeast Asia don't know is that when you compare ASEAN to any other regional organization, it has outperformed every other regional organization in many respects.

You know, it's actually quite shocking that there are major wars going on in Gaza and Ukraine. Wars reflect geopolitical incompetence. The fact that Southeast Asia hasn't had a major war in 45 years, shows geopolitical competence, and we mustn't underestimate the geopolitical competence of ASEAN. And in terms of economic growth, in the year 2000, Japan was the world's second largest economy. Japan was eight times bigger than ASEAN in the year 2000.

Today, Japan is only one point three times bigger than ASEAN. By 2030, ASEAN will become bigger than Japan. It's amazing in 30 years to go from being one eighth the size of Japan to becoming bigger than Japan. And in the years 2010 to 2020, ASEAN added more to global economic growth than the entire European Union did, even though the European Union is five times bigger than ASEAN. Now ASEAN has done remarkable things. So we in Southeast Asia, if we want to protect ourselves from the great power contest that you spoke about, Saskia, what we have to do is keep on strengthening ASEAN.

Dr. Saskia Hieber

Thank you very much. We will always have to put regional analysis in the US context. Ambassador Blake, the US presidential election results have shown that Donald Trump has returned to the presidency. How do you assess the global impact of Trump's foreign policy and what challenges or opportunities might arise from this approach?

Amb. Robert O. Blake Jr.

Thanks, Saskia. I think I sort of answered a lot of that in my opening remarks, but let me come back to China because I didn't really talk too much about that. I agree with everything that Kishore just said.

And, you know, I think when Donald Trump looks at the world, he and his key advisers, Marco Rubio, who's the secretary of state designate, Michael Waltz, who is the national security adviser designate, they see China not only as the greatest military threat to the United States but also as the greatest threat to our industry and to our workers. And that's why they're so laser focused on China.

And that's why you hear Trump talking about imposing 60% tariffs on Chinese imports and things like that. I think a lot of that is a negotiating ploy, to invite some sort of negotiation with the Chinese. There are a lot of countervailing pressures that will really prevent a complete decoupling, between the United States and China, and I'll just mention a few of them. One is, of course, that American companies still have a huge presence in China and China is a major, major market. And guess what?

One of Trump's closest advisers is Elon Musk's and his Tesla factory in China is his second largest market in the entire world. So Musk by himself is probably gonna be playing a moderating influence on China's thinking. I'm sorry, on Trump's thinking about China. Secondly, I think, you know, if you start talking about very high tariffs, there's two problems with that. One, countries are gonna retaliate. So there's gonna China itself will, you know, initiate retaliatory tariffs against the United States.

But also, tariffs are highly inflationary, and many Chinese inputs, if there's high tariffs on those, it's gonna affect the competitiveness of American exports. So a lot of these, I think, his sensible advisers will quietly talk to Trump about some of his policies. And one of the interesting things to watch is that he has chosen his entire cabinet on the basis of loyalty, not on the basis of any kind of policy experience. And many of them have contradictory views on these things. So it's gonna be very interesting to see whose views prevail in the end, prevail. But I think some of the trends that I've just talked about will be very important to watch.

Dr. Saskia Hieber

Thank you very much. Let's move to another region. Your Royal Highness, the Middle East, how do you foresee the region's future in terms of potential peace and stability? Peace and stability, Additionally, what are your thoughts on the prospects of a two state solution? You mentioned that briefly, but maybe you could enlighten us a bit further. Thank you.

H.R.H. Prince Turki AlFaisal

Well, let me just start by saying that when Dino Jalali said that Indonesia seeks to be friends with all and zero enemies, that is equally the case, I think, not just for Saudi Arabia, but the GCC countries and other Arab countries as well. And referring to what was said by Ambassador Blake as well on China and the US and doctor Mahabouvani about the rivalry between China and the US, I don't think any country in the world wants to be in the middle of that rivalry.

We'd like to be friends with all of them, US, Europe, China, Southeast Asia, whoever, Russia. The world has to come together rather than be separated and apart from each other. So that's one aspect. From that perspective, a two state solution, in my view, is an imperative. It is not a choice. If we want peace in the Middle East, there has to be a Palestinian state that can represent the Palestinian people who have been denied not only the right for self determination but also for having a peaceful and progressive identity that can contribute to the world rather than be the force and the center of conflict and, as I mentioned in my previous statement, the killing that is continuing not just since October of 2023. It has been continuing since even before 1948 when Israel was established. So from that perspective, the Arab Peace Initiative, in my view, is the only viable solution to the two state solution.

And in that perspective, I would humbly recommend that the United Nations Security Council pass a resolution stating flatly that any party to the Arab Israeli dispute that does not accept a two state solution should not engage in any negotiation on a two state solution. And this is the only way that we can prevent the spoilers, I would call them, whether they be the so called Islamist parties that do not accept a two state solutions like Hamas and others line of that ilk, nor the present Israeli government with its composition of the maximalist, Zionist ambitions that want to establish a Zionist state from the Nile to the Euphrates, including parts of Saudi Arabia. Those will be denied the seat at any negotiating table for a two state solution. And from that perspective, I think the world community has to come together in order to make that dream come true rather than simply, talking the talk, but not walking the walk.

Dr. Saskia Hieber

Thank you, Your Royal Highness. We like to be friends with those from the Indonesian perspective. Ambassador Blake, you explained the problem of increased import tariffs. With Trump's policies, not only the problem of increased import tariffs, but what about pushing European nations to drastically raise their NATO spending? NATO's two percent.

What impact could these measures have on transatlantic relations? To bring it down to a short easy question that can be answered in twenty seconds, what is the future of the West? No. Just kidding.

Amb. Robert O. Blake Jr.

I do think Trump is gonna continue to press the European Union nations to increase their military spending. He's already had quite an important impact, I will say, on that, and we can see more of that. And then more broadly, I think already, the Europeans are anticipating a smaller trade war with the Trump administration. And so that's why you see people like Christiane Lagarde already advising European countries to buy more from the United States, particularly, on the defense side. So, So, I think already countries are beginning to position themselves precisely to try to avoid, you know, maximalist trade wars.

Dr. Saskia Hieber

Thank you very much. You would have another two minutes.

Amb. Robert O. Blake Jr.

No. That's okay. I overstepped my bounds the last time, so I learned my lesson.

Dr. Saskia Hieber

Thank you very much. Let's stay in the world of financial and economic issues here. Professor Mahbubani and professor Amitav, with tariffs on Chinese imports under Trump and the intensifying competition in industrial industrial policies, how do you foresee the US China relations in the coming year focusing on industrial policies? Professor Mahbubani and Professor Amitav.

Kishore Mahbubani

Well, I'm gonna take these two minutes. I spoke earlier about how the US-China competition will intensify. There's no question at all. But what's interesting is that even though there are similarities in how the two sides approach this challenge, there are also differences. And one of the fundamental differences, as Henry Kissinger told me when I wrote my book as China won, is that the Chinese do have a long term strategy for managing this competition.

And one of the most important ways that China is protecting itself in the US-China contest is that it is emerging as an indispensable manufacturing power in the world. It's creating a situation where for all countries in the world, if you want to develop your manufacturing sector and you're looking for components, you have to go to China. And this is, by the way, true of American companies also. I think, Bob, you mentioned Tesla and how Tesla has one of these largest factories in China. Ask yourself, how much would Apple be worth today, this three trillion dollar company, if we couldn't get components from China?

Now this dependence on China was not an accident. It was by design to ensure the limits to how far you can push China. And I think one of the interesting things that will emerge is that more and more Americans will become aware that how much the US economy is dependent on the Chinese economy, and therefore, it cannot decouple. Somebody told me, I haven't seen the paper yet, but when Marco Rubio, who's going to become the secretary of state, when he was a senator, actually endorsed the paper by someone pointing out that if the US tries to decouple from China, the US may actually significantly damage its own economy because it relies so much on so many Chinese components and frankly for many of the day to day products that Americans consume, they come from China. But even more importantly, there was a very important lecture given by a professor Adam Tuus from Columbia University in Zurich a few weeks ago.

And he said the first China shock happened when China began to produce products at low cost and took away jobs from industrial countries. That was the first China shock. He said, Get ready for the second China shock. The second China shock is when the world realizes that the only way to develop your industrial capacity is to copy and learn from the Chinese. So the world has come full circle in thirty years where the Chinese succeeded by copying from the world. Now the world has turned around. The world has got to learn how to copy from China.

Dr. Saskia Hieber

Thank you very much. I'm tempted to ask if the US cannot decouple, can Europe derisk? But that would go a bit too far. We could add that to the final round, but, please, Professor Amitav, your views on competition in industrial policies in the US China relations.

Prof. Amitav Acharya

Okay. I must confess, I'm not a big expert on industrial policy, but what it reflects is that the whole idea of industrial policy started in East Asia. The East Asia model, Japan miracle. It was based on countries like Japan, South Korea, Hong Kong, Taiwan, Singapore, providing strategic subsidies and encouraging economies through very close business government relations. And during the Biden administration, we saw signs of, United States embracing that kind of an approach.

You know, the, Jack Sullivan's speech about, you know, kind of a selective, sec encouraging selective sectors. And now Trump might increase that. I'm not saying he will do that, but he might. So I think the industrial policy, much as neoclassical economists dislike it, is actually at the moment, gaining ground as opposed to the pure sort of market puritans. So we have to wait and see. I

I want to remind everybody that this is Trump's second term. There is less pressure. He may not and his audience is basically his base, not the international community. But in the second term, he might do things, that, may not, you know, may not, sort of, justify what we are the worst case mindset some of us have, that Trump will wreak havoc and, you know, basically, destroy the liberal international order, he may not do any any of that. He may actually turn out to be good for the world.

I mean, I'm just saying that is a possibility because in the second term, you don't have the same political pressure unless he wants his children to become president. I mean, I don't know. I mean, it's possible. So with that, I think one of the things that will definitely happen is China is going to aggressively, do what it's already doing, increase its trade relations with the global south countries. I think that China India normalization or the thought of the agreement is not an accident.

China and India is a market of one point four billion people, the largest market in the world. Now the Chinese say they're going to have high tariffs in the US. Where do they go? They have to go to countries like India, in Africa, and Latin America. And, also, I don't think I actually see an interesting, as Kishore might say, reconvergence happening here. The

The United States is becoming a little more like East Asia, and, and China will, on the other hand, is becoming a little more liberal because it needs market access in the global south. So let's say this could become maybe an unintended consequence. Your history is full of unintended consequences that nobody can predict. That whatever Trump might be thinking of doing might turn out to be completely different in four years' time.

Amb. Robert O. Blake Jr.

Saskia, can I just comment on one thing on the industrial policy? Very short

Dr. Saskia Hieber

Very briefly. Yeah.

Amb. Robert O. Blake Jr.

Yeah. I think on industrial policy, it's quite important for everybody to note. In America, one of the arguments against Chinese imports has been that they benefit from government subsidies and therefore, it's unfair. But, in fact, if you look at things like electric vehicles, China is not only the lowest cost producer, but they're by far the most efficient as well. And it's not because of subsidies, it's because of cutthroat competition within China.

And so, everybody, the United States, the Europeans are very, very worried about not only BYD, but a lot of the other Chinese electric vehicle manufacturers coming in and just wiping out our industries. And by the way, Indonesia should be a little bit concerned about that as well because you're becoming a major car exporter and manufacturer. If BYD is allowed to come in here, there you face a similar challenge that all of us are gonna go through.

Dr. Saskia Hieber

Mhmm. Thank you. We assess the state of the world in twenty twenty four, future world order questions need to reform. We analyzed industrial policy, financial and economic issues, and region specific regional challenges like the South China Sea, the US China competition, and the Middle East. And with us, I'd like to thank our experts here on the panel. His Royal Highness, Prince Turki.

H.R.H. Prince Turki AlFaisal

Well, president professor Mahbubani, quoted an Arabic proverb. I will quote another one for you. Your friend is he who tells you the truth, not he who agrees with you, and this is a principle that we all need to practice and implement rather than simply pay lip service to it, whether it is industrial policy, whether it is commercial competition, whether it is statecraft or whatever.

If the other party does not know where you're coming from, presumably, they will make the wrong decision about your intentions. But if they do know where you're coming from, if they're a friend, they will be reassured by you.

And if they're not your friend, they will at least beware that this is what you are truly promoting or presenting to them. And instead of being Machiavellian in our diplomacy and in our politics, Let's be straightforward. And I think this is what Indonesia wants to be and not only Saudi Arabia and other countries like that. So, please, the big giants, whether it is China or the United States or Europe or Russia or whatever, take care to be straightforward with the rest of us so that we don't misinterpret you and we don't fear you, but rather be truthful to you and tell you where we are coming from.

Dr. Saskia Hieber

We'll move on. And, there is a question from the audience, from the floor for each panelist. Now I have to. I'm not quite sure how we're gonna manage that. I will take two from each side. Right? Right? Okay. The two ladies on this side and then you on this side, please. And a short question.

Audiences 1:

Okay. Thank you. Good afternoon, ladies and gentlemen. My name is Yani, and I'm a student of International Business School. So thank you for the opportunity. Actually, my question is a little bit beyond this discussion, but please allow me to ask this thing. So if I ask him for this example for Prince Turki or maybe professor Amitav or the other speakers, how to interpret a statement that, of course, will be diverse or might be a different understanding, which could be a different output even the implementations. So my question from all of your opinions, as the leader, is why the top brass or leaders give a statement that she or he realized it can make a difference, implementation and outputs, instead of conferring to string, straightforward. And I'm pretty sure all of you guys, have extraordinary, experience and extra extensive, experience and as the, good leader. So, what is the reason behind that? Thank you

Dr. Saskia Hieber

Who's volunteering?

Kishore Mahbubani

Can you just summarize the question.

Audiences 1:

Okay. So what about the, how to interpret, the leader statement, it will become different. Right? Right? So from your opinion as a leader, how can you try to, straight forward? I'm sorry. I mean, why you don't try to give a straightforward statement, instead to, to give, like, let's say for the ambiguity statements.

Dr. Saskia Hieber

Okay. Is it about social injustice and double standards? Yes. Okay. Social injustice and double standards. Yeah. Thank you. Who's volunteering?

Kishore Mahbubani

Well, I think Prince Turki did raise the question of Injustice and double standards. And you see, the world has changed, as I said, from the beginning, fundamentally. If something like Gaza had happened fifty, sixty years ago, you could have swept it under the carpet. Today, you cannot. Right? And I must say, of course, you got to be fair and point out, yes, the killings by Hamas were wrong. Innocent civilians shouldn't be killed, but there are laws of humanitarian war that apply, humanitarian laws of war that apply. And clearly what has happened in Gaza has stunned the world, stunned the world. And I think one thing that many in the West don't realize is that, you know, twelve percent of the world's population lives in the West. Eighty eight percent live outside the West.

These eighty eight percent are asking every day, why isn't something more being done to solve the problem? And that's what's happening. And so we have to understand that that's a major phenomenon around the world.

Dr. Saskia Hieber

We'll have to move on. We're a bit short in time and move to the other half of the audience for one question, one short question.

Audiences 2

Okay. Thank you for the honor for giving me the opportunity. My name is Raza. I am basically an ex semester student from Pupaeha. So my short question is due to the rise of the right wing in Europe and some rise of the far left inside of European politics and America itself.

How do you expect it will actually change the situation of the world itself? Because if we use the theory of individual level, leadership, leaders, and also their personality matters in trying to manage the work itself and making the entire system change further into the future that we may actually kind of predict it but not so predict anymore. Yeah.

Dr. Saskia Hieber

Yeah. Thank you. The rise of right wing, populism and right wing politics in Europe, that is a new topic, but maybe we can address it very, very briefly in thirty seconds. Ambassador, Ambassador, please.

Amb. Robert O. Blake Jr.

It's an important question, and I think and let's just take the United States. The reason Donald Trump won the election is that fifty percent of our country feel like they've been left behind, and fifty percent of our country could not pay a five hundred dollar medical bill right now because they don't have the money. So our politicians naturally are focused on helping those people and helping them to increase their incomes, not on helping the problems of the entire world. And so I just came from the COP in Baku. And, of course, there is a huge problem with climate finance, but it's not just climate finance. It's disaster recovery. It's a huge range of things that all of which demand huge amounts of money from the developed world and the populist politicians are just simply not gonna approve that right now. So, So, it's a real problem.

Dr. Saskia Hieber

You very briefly.

Prof. Amitav Acharya

Because I actually studied, populist movements and the state of democracy in the world. And as I said, there will be seventy four elections around the world by the end of this year for twenty twenty four. And, if I have to draw a silver lining, I would say the rise of populist movements in Europe makes Europe more normal. That is because we are talking about the end of history, and democracy prevails all over the world. That's not happening.

Europe has democracies and some authoritarian tendencies, but populist movements so do the global south. Similarly, the Ukraine war in some ways levels the playing field. During the cold war, Europe was at peace, and the rest of the ninety seven percent of the conflicts happened in the third world. Now having a conflict in Europe makes Europeans realize they're just like other other people, and they just have to accept that the world is becoming a level playing field. There's nothing unique and distinctive about Europe.

And once you realize that, you get rid of the west versus the rest mindset. The west and the rest are not really that different. They are similar people, similar solutions, and similar problems. And I actually see this leads to a more level playing field, what I call a global multiplex as opposed to west is superior, rest is undemocratic, and, west is peaceful, the rest is conflictual. So I actually draw the conclusion in my book, in five thousand years of history, and I think that this may be one of the silver linings that we can see for the future. The west and the rest are not so different from each other after all. Right? Thank you,

Dr. Saskia Hieber

Thank you very much and please join me to thank our experts here on the panel. We have to Thank you very much.